

Abbe Springs Ranches HOA 2018 Annual Meeting Membership Minutes

March 3, 2018

The annual membership meeting of the Abbe Springs Ranches Homeowners' Association (HOA) was held at the High Country Lodge, Highway 60, Magdalena, New Mexico, on Saturday, March 3, 2018.

Call to Order and Introductions

The meeting was called to order by President Marshall Adams at 11:05 AM. Members of the Board of Directors (BOD), Vice President Michelle Vallentine, Secretary Bruce Holsapple, Treasurer Kat Brown, and Director Paul Kotula, were introduced and in turn members introduced themselves. Including the board members, 34 lots and 24 owners were represented. A motion was made (and seconded) to change the Agenda to make the Presentation and Approval of the 2018 Assessment Fee (item 3.g.) the first order of business. After a brief discussion, there was a call to count. There were five (5) votes in favor and ten (10) votes against. The motion was defeated.

Secretary's Report

Minutes from the March 4, 2017 Abbe Springs HOA Membership Meeting have been posted on the HOA website since March 2017. A reading of the minutes was waived and the membership accepted them into the record.

Treasurer's Report

1. Balance Sheet. The Treasurer displayed the results of five HOA balance sheets (from 2005, 2010, 2015, 2016, and 2017). In 2017, the balance sheet showed a deficit of \$6,313. This is the first year the HOA has reflected a deficit.
2. Income and Expense Report. A similar chart for Income and Expenses showed conspicuous increases in expenses for financial and legal consulting fees and for road maintenance in 2017. The Treasurer explained that the increase in financial consulting fees reflected costs of hiring a bookkeeper for twelve months as well as member issues that required additional bookkeeping time. The increase in legal consulting fees reflected in part having the HOA attorney pursue all collection efforts, a task previously handled by the Treasurer (see also below). The increase in road maintenance costs was the result of work proposed in 2016 only having been completed in 2017. The HOA was also forced to write off two bad debts in consequence of property being sold at a tax auction.
3. A motion to accept the Balance Sheet and the Income and Expense report was approved by a membership vote of twenty-one (21) in favor, one (1) abstention.
4. 2018 Budget. The Treasurer presented a budget for 2018 that included three columns, one reflecting an assessment fee of \$150 per lot (the same fee as in all prior years), a second with an assessment fee at \$200 per lot, and a third at \$225

per lot. All three columns assumed continued high expenses for legal and financial consultation. The President then asked for a modification in procedure: before a motion to approve the budget could be made, members needed to discuss and approve or reject a proposed increase in the annual assessment fee.

5. 2018 Assessment Fee. Discussion of the assessment fee opened with a member questioning the increase in legal fees. The Treasurer presented an analysis of legal fees (in 2017) by slide. The breakdown of costs was as follows: (1) enforcement of our Covenants and Restrictions, \$325; (2) collection of liens, \$1,982; (3) general legal fees, \$1,021; and (4) answering "one member's emails," \$3,762. The treasurer explained that this last charge reflected a large number of queries made by one member which the Board had tried to answer but finally was forced to turn over to the HOA attorney. The total number of e-mails sent by the one member was more than one hundred.
6. Discussion/Approval of the 2018 Assessment Fee. HOA members responded to this discussion in several ways. Some suggested there might be liability for lawyer's fees, an avenue the Board was investigating. One member argued, in contrast, that the central issue was not the queries, but what had caused the queries, i.e. the increase in the 2018 assessment fee, which this member felt to be illegitimate, given the bylaws. A number of people then voiced their disapproval of the increased assessment fee and the procedure by which that fee was determined and implemented. The pertinent section of the bylaws was read aloud. The main contention was that members had not voted for an increase in the assessment fee, that it was being imposed on them by the Board of Directors, when the bylaws plainly state that the assessment fee must be approved by the members at the Annual Meeting. The President responded that the HOA lawyer had explained to that member that in fact a vote on the assessment fee is on the 2018 Annual Membership Meeting agenda, that the agenda had been posted online for two months, and that members have voted to approve or reject the proposed assessment fee every year. He explained further that the HOA bylaws present several difficulties for the HOA membership, the central problem (for purposes of this discussion) being one of procedure and timing. The Board is required to present a proposed annual budget to the membership each year, and this year that budget would require an increase in the assessment fee in order to balance the budget. That was why the assessment fee had been increased. Several members then objected to the timing of the increase, the tone and the ambiguous wording on the invoice, and the overall lack of communication between the BOD and the membership. Those problems were acknowledged by the Board, and the President promised better communication in the future. The Treasurer then suggested proceeding to item 3.g on the agenda, Presentation and Approval of the 2018 Assessment Fee, and there was consensus that we do so. A motion was made and seconded to accept the 2018 assessment fee \$200 proposed by the Board and another short discussion ensued. One member argued that the HOA did not need legal and financial services and should cut costs, rather than raise fees. The Treasurer responded that these services are actually required by law. There was a call to count. One member questioned if members of the BOD were eligible to vote; they are eligible to vote as members of the HOA. The membership voted

- eighteen (18) in favor of accepting the 2018 assessment fee at \$200; six (6) opposed. The motion passed.
7. Approval of the 2018 Budget. There followed a motion for approval of the budget. Fifteen (15) approved; one abstained; none opposed. A motion was made to take a ten-minute intermission. The motion was approved.
 8. Need for a Treasurer. The President stressed that the HOA is required by its bylaws to have a Treasurer and that we need volunteers to serve in that role. One person volunteered to serve, but it was unclear if that person was eligible. The issue was tabled pending clarification by the HOA attorney.
 9. Accounts Receivable. The Treasurer reported that of the 105 owners on 129 lots, a total of 63 had paid their annual assessment fee at the time of the meeting; 42 had not yet paid. There was a brief discussion of the lien procedure, which had changed (on advice by the HOA attorney) as a result of a state auction of two lots for unpaid taxes. The county liens had been filed prior to the Abbe Springs HOA action and so it took precedence over our claim to unpaid dues. Our new procedure is designed to improve our chances of securing unpaid dues by mailing a 30-day notice of a lien to be filed for any unpaid invoice. The HOA filed new liens for two lots in 2017. Additionally, the HOA filed for foreclosure on one lot and that process is expected to conclude before the end of the year; the HOA will send out an email to HOA members when the related tax auction is scheduled.

Old Business

1. Break Ins. There have been no reported break-ins since April 2107 when two people were caught on video inside a house in Abbe Springs. The Sheriff of Socorro County stated there were out-standing warrants for those two people and spoke to the membership on a county-wide increase in break ins. He recommended the use of surveillance systems (e.g. a mid-priced game camcorder), locked gates, names inscribed on property and a record kept of serial numbers. He asked that if something suspicious is noted, you notify the Magdalena Marshall. He advised that good descriptions are helpful.
2. Abbe Road Maintenance. Director Kotula reviewed details of road maintenance done on our 14 miles of Abbe roads. Our expenses average \$7,000 per year. Our roads are currently in good shape, but in the future some roads will require further work where the underlying ledge has been exposed.
3. Plains of San Agustin Deep Wells. The Vice President reported that in November 2017 an application for a permit to use of the San Agustin Plains for deep wells had been re-filed. Our local representative, Gail Armstrong, and a local rancher, Randall Major, are both working on legislation to prevent the takeover of water rights, but the situation requires continued vigilance. Armstrong has said that "a bill to regulate large movements of water from the area of origin to a distant location" is one of her top priorities.

New Business

1. Bylaws. It was suggested that we work to change the language in the bylaws to make them more effective for our purposes. The issue was tabled pending a BOD discussion.
2. BOD Elections. No one ran for office on the BOD this year, resulting in a four member board until the next annual membership meeting.
3. Military flights. Low flights have decreased in recent years.

President's Message

We thank Nancy Crowley for her help with the presentations at the annual meeting and for her many years of support of the Abbe Springs HOA. Our Treasurer, Kat Brown, has served on the Board of Directors now for fourteen years, and she is stepping down after this meeting. We have all profited enormously from her expertise and her service, so we collectively say thank you, Kat. Marshall Adams and Michelle Vallentine are serving their final year on the Board. We need members to step forward to serve.

Vice President's Message

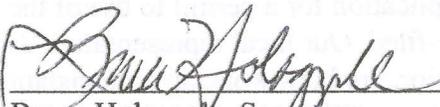
There have been personal issues raised over the last several years during our business dealings as an HOA which have clouded over problems and crowded out solutions. To give an example, there have been accusations about whether or not I possess the deed for my lot. The fact that I do possess a deed can be easily proven. Also, there were accusations by a HOA member that I have stolen rocks from their property, though in reality the member misrepresented facts and stated the misrepresentation in multiple emails. I would also point out that the Board of Directors serve as volunteers and ask that you recognize the sacrifices they make to serve the Abbe Springs HOA. We respect HOA members and work hard to provide a positive environment for Abbe Springs, and we should receive the same level of respect from the HOA membership.

Adjournment

A motion was made and seconded to adjourn. The motion carried and the meeting was adjourned at 1:21 PM.

DATED: March 4, 2018

Minutes presented by:



Bruce Holsapple, Secretary

Minutes approved by:



Marshall Adams, President

Approved by Michelle Vallentine, Vice President and Kat Brown, Treasurer, Paul Kotula, Director, via e-mail